

# The Debt Approval and Issuance Process in the State of Oregon

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# Institutional Framework for Authorization of Oregon's Debt

- Bonding for capital projects may be proposed by state agencies, the Governor, or members of the Legislature
- The State Debt Policy Advisory Commission, chaired by the Oregon State Treasurer, recommends overall biennial maximum debt capacity levels for both General Fund and Lottery supported debt
- Final bonding amounts and revenue packages are determined through the legislative process
- Oregon's Constitution limits general obligation bonded indebtedness, except for specific voter-approved amendments for certain GO bonding programs
  - Self-supporting GO bond programs vs. General Fund-supported GO bond programs
  - Significant use of stand-alone revenue bonds for high priority capital needs

# Oregon's Debt Approval Process

- Both GO and revenue bond programs are authorized through state statute, including details on the sources of repayment
- General Fund-supported GO bonds and Lottery-backed bonds receive the highest level of scrutiny by the legislature
- Historically, the biennial “bond bill” is approved at the end of the session by the Legislature, which sets the maximum amount of borrowing allowed in the biennium for each GO and revenue bond program
  - May be moving to an annual bond bill approach now that the Oregon Legislature meets annually

# Oregon's Debt Issuance Process

- By statute, Oregon's State Treasurer (OST) structures and sells all state bonds, working in close collaboration with specific state agencies, boards, authorities, and/or commissions who administer bond financed programs
  - OST reviews the cash flows and coverage projections for all self-supporting GO and revenue bond programs
  - Coverage levels vary by program, based on the nature of the underlying source of repayment
- OST also coordinates all rating and investor presentations, striving for the highest ratings and lowest cost of funds on State bond sales
- OST also led a comprehensive review and modernization of state and local bonding statutes in 2007, in collaboration with the State's Law Commission, Department of Justice and Oregon-based bond lawyers

# Oregon's Bonding Programs for Transportation Projects

Bonded Construction Program	Year(s) Enacted	Purpose	Bonds Authorized	Bond Program	Debt Service Coverage/ Ratings	Revenue Sources Pledged		
						DMV Fees	Fuels Tax and Weight Mile Fees	Net Lottery Revenues
Oregon Transportation Improvement Act (OTIA) I/II	2001, 2002	High priority highway projects	\$500 M	Highway User Tax Revenue Bonds (no state GO pledge)	3.0x at senior lien (AAA/Aa1/AA+)  2.0x at subordinate lien (AA+/Aa2/AA)	X	X	
OTIA III	2003	Seismic upgrades to bridges statewide	\$1,900 M					
Jobs and Transportation Act	2009	Specific congestion relief projects	\$840 M					
Connect Oregon Program, I-IV	2005-2011	High priority multi-modal public and private sector projects	\$340 M	Lottery Revenue Bonds	4.0x (AAA/Aa2)			X
Columbia River Crossing	Anticipated in 2013	State equity contribution to overall project	\$450 M	State General Obligation Bonds	Anticipated at 1.10x (AA+/Aa1/AA+)	Anticipated		

# The CRC's Financial Plan

based on the Final Draft Environmental Impact Statement (FEIS)

Sources of Funds	Estimated Amt (\$M)
Federal Funds	
Discretionary Highway Funds	\$ 400
New Starts Transit Grant	850
State Funds	
Equity Contribution (\$450M per state)	900
TIFIA Loans and/or State-backed bonds (50% per state) repaid with toll revenues	900 - 1,300
Total	\$ 3,145 - 3,450

# Participants in the Development and Execution of the CRC Plan of Finance

